

Message Text

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16

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USIA-15 ACDA-19 OMB-01 AF-10 ARA-16 EA-11 EUR-25

NEA-10 EB-11 AID-20 TRSE-00 DRC-01 /210 W

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SUBJ: UN SECRETARY GENERAL ADDRESSES FIFTH COMMITTEE

SUMMARY: IN SPEECH TO UNGA FIFTH COMMITTEE SEPT. 28, SYG WALDHEIM STRESSED DOLLAR DEVALUATION AND INFLATION AS REASONS FOR SUBSTANTIAL INCREASES IN BUDGET REQUIREMENTS FOR 1973 AND 1974/75 BIENNIUM. ALSO COMMENTED ON PROGRAM BUDGET, PENSION ADJUSTMENTS, FOLDING FIVE CLASSES OF POST ADJUSTMENT INTO BASE SALARIES, AND INTERNATIONAL CIVIL SERVICE COMMISSION (ICSC).

1. SYG CALLED ATTENTION TO HIS BUDGETARY SAVINGS IN 1972 (\$3.9 MILLION PUT IN SPECIAL ACCOUNT AND \$685,000 MORE UNDERSPENT) BUT SAID HOPES FOR COMPARABLE SAVINGS IN 1973 WERE FRUSTRATED BY UNCONTROLLABLE FACTORS, ESPECIALLY DOLLAR DEVALUATION. HE CITED 22 PER CENT RISE OF SWISS FRANC IN RELATION TO DOLLAR SINCE JANUARY (AND 31 PER CENT SINCE 1971). SINCE ALMOST 40 PER CENT OF UN REGULAR BUDGET IS IN NON-DOLLAR CURRENCIES, GROSS ADDITIONAL DOLLAR REQUIREMENTS WOULD HAVE BEEN ABOUT \$11 MILLION BUT ECONOMIES HAVE BROUGHT PROSPECTIVE DEFICIT DOWN BELOW \$8 MILLION.

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2. SYG ALSO BLAMED DOLLAR DEVALUATION AND INFLATION FOR DIFFICULTIES IN FORECASTING BUDGET REQUIREMENTS. INITIAL BIENNIAL BUDGET ESTIMATES WERE BASED ON 5 PER CENT INFLATION AND 2 PER CENT PROGRAM GROWTH, BUT CURRENCY REALIGNMENT AS OF APRIL 1973 REQUIRED \$17.4 MILLION ADDITION TO 1974/75 BUDGET. IF DOLLAR DOES NOT RECOVER TO APRIL 1973 LEVELS, FURTHER ADDITIONAL FUNDS WILL BE REQUIRED AND INCLUDED IN REVISED ESTIMATES TO BE SUBMITTED LATER IN CURRENT SESSION.

3. WALDHEIM SAID HE DID NOT KNOW WHAT ACABQ MEANT BY NEED FOR "MORE IMAGINATIVE AND LESS PASSIVE APPROACH" TOWARD BIENNIAL BUDGET, BUT WOULD WELCOME SUGGESTIONS RE POTENTIAL ECONOMIES. HE ADDED THAT SOME OF REDUCTIONS PROPOSED BY ACABQ "WARRANT FURTHER CONSIDERATION." FOR EXAMPLE, FREEZE ON NEW RECRUITMENT IMPOSED IN 1972 WAS MEASURE WHICH SHOULD BE USED FOR SHORT PERIOD ONLY. HE SAID HE PREPARED TO CONTINUE POLICY OF "REASONABLE RESTRAINT," BUT SAID CANNOT ASSUME RESPONSIBILITY FOR FULL AND PROPER PERFORMANCE BY SECRETARIAT OF OBLIGATIONS TO MEMBER STATES IF HE EXPECTED TO KEEP STAFF RESOURCES SIGNIFICANTLY BELOW LEVEL VOTED BY GA.

4. SYG ADMITTED THAT FIRST BIENNIAL PROGRAM BUDGET PRESENTATION CONTAINED DEFECTS, SOME OF WHICH MENTIONED IN HIS FOREWORD AND PROMISED TO CONSIDER SUGGESTIONS OF ACABQ, CPC, TDB AND IDB FOR IMPROVEMENT. HE MENTIONED SUPPLEMENTAL REQUIREMENTS OF \$3.5 MILLION NECESSITATED BY 1973 DECISIONS OF ECOSOC, TDB, AND IDB INCLUDING COST OF ESTABLISHING ECONOMIC COMMISSION FOR WEST ASIA AND INCREASE IN UNIDO TECHNICAL ASSISTANCE PROGRAMS.

5. SYG URGED PROMPT SALARY REVIEW BY NEW ICSC AND PRIORITY FOR CONSOLIDATION OF FIVE CLASSES OF POST ADJUSTMENT INTO BASE SALARY SCALE.

6. RE UN FINANCIAL SITUATION, SYG RECOMMENDED THAT MEMBER STATES DERIVING "WINDFALL BENEFIT" FROM NEW SCALE OF ASSESSMENTS AND REVALUATIONS SHOULD CONSIDER MAKING CONTRIBUTIONS

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BUTION OF THE AMOUNT OF THEIR SAVINGS TOWARDS ELIMINATION OF CONTINUING UN DEFICIT, CALLING ATTENTION TO VOLUNTARY CONTRIBUTIONS OF JAPAN (\$10 MILLION) AND UNITED ARAB EMIRATES (\$1 MILLION).

7. SYG EMPHASIZED KEY TO SUCCESS OF ICSC LIES IN QUALITY OF MEMBERS OF COMMISSION AND CALLED ATTENTION TO PLIGHT OF RETIRED FORMER UN EMPLOYEES WHO HAVE SUFFERED SUB-

STANTIAL DROP IN LIVING STANDARD, ESPECIALLY IN 1973.

8. COMPLETE TEXT POUCHED IO (HENNES).
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